

## ***The Neoclassical Economics Through the Prism of the Heterodoxy Economic Concept***

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### **ABSTRACT**

The heterodoxy economic concept provides an alternative approach to explore basic economic principles. The heterodoxy economy seeks to include social and historical factors in the analysis, as well as to assess how the behaviour of individuals and social groups changes market equilibrium. A heterodox conviction is also the belief that it is necessary to examine the reasons for deviations from market equilibrium rather than to analyze economic systems in a condition of static equilibrium. Therefore, the economic system must be explored in its entirety, including the three elements of the triad "nature-society-economy". In this report a special emphasis is placed on the economic principles that are characteristic of the heterodoxy economic concept and their differences with those typical of orthodox (conventional) economic theory. The orthodox conventional economic theory deals with the "rationality-individualism-balance" triad, with an emphasis on maximizing behaviour and rational economic agents who always strive to fulfil the conditions that ensure their equilibrium. Alternatively to the abovementioned, the heterodox concept focuses attention on the triad "nature-society-economy". This unity makes it possible not to separate the economic environment from the natural one. In this way, it is possible to neutralize one of the biggest market failures, namely: the study of the economic environment beyond the natural environment. The latter calls for the concept of sustainable development to be used in its four directions: sustainability of the economy; sustainability of society; environmental sustainability; institutional sustainability. The purpose of this report is to explore neoclassical economic theory through the prism of the heterodoxy concept and on this basis to reveal the main differences in the theoretical and methodological terms.

**Keywords:** Neoclassical Economics, Heterodoxy Economic Concept, triad „nature-society-economy”, triad „rationality-individualism-equilibrium”.

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